

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814

August 19, 1988



ALL-COUNTY INFORMATION NOTICE NO. I-80-88

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY FISCAL OFFICERS
ALL COUNTY AUDITOR CONTROLLERS
ALL COUNTY ADMINISTRATIVE OFFICERS

SUBJECT: PASS-THROUGH OF FEDERAL FUNDS TO COUNTY WELFARE DEPARTMENTS (CWD)

It has come to our attention that all Counties may not be aware of the State Department of Social Services' (SDSS) and the State Department of Health Services' (SDHS) practice regarding the pass-through of Federal funds to County Welfare Departments (CWDs) for allowable costs incurred in the operation of Federal entitlement programs; i.e., Aid to Families with Dependent Children, Food Stamps, Medi-Cal, Foster Care, and Adoptions. The purpose of this letter is to advise all Counties of the following policies:

1. It is our policy to reimburse Counties the full Federal share of allowable expenditures received by the State for each of the Federal entitlement programs, without regard to State General Fund (SGF) limitations.
2. It is our policy to withhold or recover Federal pass-through funds from Counties, when such action is necessary as a result of a Federal deferral or disallowance, only at such time as Federal funds are actually withheld or withdrawn by the Federal funding agency.

Please be advised that acceptance of these Federal pass-through funds places the County at risk in the event of a deferral or disallowance of such funds by the funding Federal agency. In most cases, recovery would be accomplished through offsets against advances. The State would also withhold future pass-through of Federal funds until the deferral or disallowance issue is resolved.

Any questions regarding this policy should be directed to the SDSS' Fiscal Policy and Procedures Bureau at (916) 445-7046, and the SDHS' County Administrative Expense Section at (916) 445-1635.

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cc: CWDA